

Floor Statements by Senate Budget Committee Chairman Kent Conrad (D-ND)
During Debate on Budget Conference Agreement
April 29, 2009

Very briefly, because I see Senator Gregg is in the Chamber, and I know he is on a very tight time frame. I very briefly say to the Senator from Wyoming, I do not favor reconciliation for writing health care. I, personally, do not believe it will be used to write health care reform. It is here as an insurance policy. I think virtually everybody who has been engaged in the debate publicly and privately has now concluded it is not the preferred alternative for writing health care.

One of the things we did do is push back the date to October 15 for the committees to act to give them more time to work under the regular order. Chairman Baucus has made an absolute commitment to try to do this in the regular order. I have done the same. The majority leader has done the same.

I sincerely believe health care can and should be written without using the fast-track process of reconciliation. It is true it is here as an insurance policy, as a backstop. I would have strongly preferred it not even be that. But let me say, when it is the President of the United States, the Speaker, the majority leader here, it gets fairly lonely as a conferee. But I do wish to say to the Senator, I agreed with so much of what he said. He is going to be a major player in health care reform. He already has been--certainly in the CHIP legislation.

I believe there is going to be a full opportunity to write it the way it should be written, which is in the committees of jurisdiction, with both sides fully participating. That is the best way and the right way to do it.

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I found the presentation of my colleague, for whom I have great respect--but on this presentation I found it highly entertaining, and it bears almost no relationship to the document that is at the desk.

It is very interesting, if you read the charts that the Senator presented, they all relate to the President's budget. You notice they don't relate to the budget that is before us. The fact is that we made significant changes in the President's budget, because after the President presented his budget, we learned in the Congressional Budget forecast that we were losing \$2 trillion of revenue because of the economic slowdown over the next 10 years. So we made a series of very significant adjustments to respond to that reality.

In fact, over 5 years alone, we changed the Obama budget by \$555 billion. Not one dime of that was reflected in the Senator's charts. They say if you are a lawyer and if you have the facts, argue the facts; if you have the law, argue the law; if you have neither, attack your opponent. That is what we have heard. They don't have the facts, they don't have the law, and they certainly are not talking about the legislation before us; so they launched an ad hominem attack.

Let me go back to the facts, because they are stubborn things. On spending, let's be clear. This budget takes domestic discretionary spending, as a percentage of GDP, from 4.4 percent in 2010 to 3.4 percent in 2014. That is not a big spending budget; that is a tough budget that reduces the share of our national economy going to Federal domestic discretionary spending. On nondefense discretionary spending, in dollar terms, over the 5 years of the budget, the spending is increased, on average, by 2.9 percent a year. That is less than the growth in national income. That is why the share of domestic discretionary spending as a part of our economy is going down under this budget.

The Senator said that somehow there is a \$180 billion tax increase in this budget. Where? I mean, he made this same assertion last year. He said the budget last year was going to increase taxes. What happened with last year's budget? Did it increase taxes? No. It cut taxes by hundreds of billions of dollars. That is what this budget does. This budget cuts taxes, on balance, over 5 years by \$764 billion. That is a fact. That is not made up for the convenience of a political debate. That is a fact. Taxes are cut under this budget \$764 billion.

On reconciliation, I must say the speech by the Senator is beyond the pale. He acts as though reconciliation is against the Constitution of the United States. Well, it is interesting what he had to say when the shoe was on the other foot. When the shoe was on the other foot in 2001, and he wanted to use reconciliation, what did the Senator say then? Unfortunately for the credibility of his speech here, we have the Record. We know what he said then. Here is what he said then: "Reconciliation is a rule of the Senate, set up under the Budget Act. It has been used before for purposes exactly like this on numerous occasions. The fact is, all this rule of the Senate does is allow a majority of the Senate to take a position and pass a piece of legislation, support that position. Is there something wrong with majority rules? I don't think so."

So when they wanted to use reconciliation, it was a rule of the Senate, and it simply allowed the majority to work their will, and there was nothing wrong with it. Now when we have a reconciliation instruction as a backup, as an insurance policy, now it is somehow against the Constitution. Please. That is not going to stand up against the Senator's own record. The fact is that reconciliation has been used 19 times--13 by the party on the opposite side. I didn't hear and see crocodile tears from them about how it threatened the Constitution. In fact, the Senator described it then as a simple Senate rule that allowed the majority to rule.

I take great offense to the suggestion that this budget is made up. This budget is not made up. It is scored by the CBO, which is nonpartisan. This budget does precisely what I have presented it as doing. It reduces the deficit by two-thirds over 5 years. As a share of GDP, it cuts the deficit by three quarters.

The Senator says, you have hidden the doc fix, which is this. We know doctors who treat Medicare patients are scheduled to take major reductions. We have not hidden a thing. We have said that, after 2 years, fixing the downward spiral on doctors' reimbursement for those who treat Medicare patients will have to be paid for. That is not hidden; that is very clear, direct, and it is what we should be doing here--paying for things.

When we found we were in a circumstance in which we had \$2 trillion less than the

President had to write a budget, we had to make changes, and we did. We made responsible changes. One of the changes we made was to say that, no, doctors should not be cut. We will provide the money in this budget for the next 2 years so they are not cut. But after that, additional fixes would have to be paid for. That is what we have to start doing around here--paying for things.

And there is the alternative minimum tax. We have said in this resolution that the alternative minimum tax should not be imposed on anybody, and for the next 3 years it can be done without offsets, without paying for it, because we don't want to raise taxes during a time of economic downturn. But after the 3 years, further moves to prevent the AMT from being imposed have to be paid for.

The same is true on TARP funding. The Senator said we excluded TARP funding. Yes, we did because we could not pass \$250 billion of TARP funding after the way TARP has been handled in the first round. It would not pass. The President said put it in as an insurance policy. He does not have a specific proposal before us, in any event. But we did not include it here because it could not pass this body.

On health care, the Senator suggests this is going to add \$1 trillion to the debt. Not under this budget. Again, he failed to read the document. It makes very clear, if we are going to have health care reform, it has to be paid for. The reserve fund he kind of glossed over is very specific. I can only change the allocations to committees if the issue is paid for. I have no authority to change the allocation to committees unless health care reform is paid for.

On Make Work Pay, the President's middle-class tax cut, in addition to all the 2001 and 2003 tax cuts that are all included in this budget, over \$500 billion of tax cuts for the middle class that are in this budget, the President's middle-class tax cuts that are over and above those that were included in 2001 and 2003, the so-called "make work pay" provisions, they are already provided for in the stimulus package. That is already the law for the next 2 years. If it is to be extended, this budget says we have to pay for it. That is exactly what we are going to have to do to bring the deficit down. We are going to have to start paying for things.

There are so many things that were said that are in error about this budget, it is breathtaking.

I wish to conclude on this note. If this budget is so bad, why didn't the Senator offer an alternative? In 2001, when I thought the Bush budget was fatally flawed, I offered an alternative on the floor of this body. This year, the Senator has offered no alternative. All he offers is complaints and misrepresentations and a rewriting of history.

The debt is on an unsustainable course. Why? Because the previous administration doubled the debt, tripled foreign holdings of U.S. debt, and put us on a course in which we face the worst recession since the Great Depression. That is why the debt is burgeoning. It is not as a result of this budget document. This budget document moves the deficit down, reduces it by two-thirds over the next 5 years.

We inherited a colossal mess--colossal. To suggest this President is responsible for this colossal mess after he has been in office 100 days does not stand the test of truth and will not stand any scrutiny. We all know how we got to where we are. The previous administration doubled the debt of the country at a time when the economy was relatively good. Unfortunately, when they left office, the economy was in the worst shape in 60 years. History will not treat the previous administration and their supporters on the Hill gently or kindly because they put us in this ditch. The President is seeking to lift us out of it.

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I have heard from the other side: We have tax increases here. Let's get to the facts. The fact is, on balance, we have a very substantial tax cut in this budget proposal aimed at the middle class. They are the ones who deserve and need it.

We have also heard that this leaves open the possibility of global climate change being used in reconciliation. Nonsense. There is an absolute commitment from everyone who is a party to this discussion. It is in the wording of the resolution that climate change will not come to this body or to the other body through reconciliation. It is not going to happen. It has the absolute commitment of the majority leader, of the Speaker, and of the President himself. He has said it to me directly. So let's not be chasing straw dogs here. Climate change is not going to be done through reconciliation, period.

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I, again, thank the Senator from Rhode Island, Mr. Whitehouse, who is such a valuable member of the Senate Budget Committee, as is the occupant of the Chair, who has newly joined us and is already making good contributions to our work. We are delighted to have Senator Merkley, the occupant of the Chair and a Member of the Senate Budget Committee, with us and appreciate so much the efforts of Senator Whitehouse and Senator Merkley in developing a budget resolution that, by the way, our outline was largely followed in the conference committee. It is very close to what passed the Senate earlier.

I think the reasons for that success are, No. 1, we did capture the President's priorities of reducing dependence on foreign energy, a focus on excellence in education, providing for major health care reform that is absolutely critical to the country's future and, at the same time, cutting the deficit by two-thirds over the next 5 years, by three-quarters as measured by the gross domestic product, and also providing very substantial middle-class tax relief, hundreds of billions of dollars--in fact, over \$700 billion--of middle-class tax relief that is in this budget. I think we can be proud of that.

We have already seen the budget earlier today pass in the House of Representatives by a very wide margin. I anticipate, when we have our vote, it will also pass with a healthy margin.

I, again, especially thank Senator Whitehouse and Senator Merkley, who are key members of the Budget Committee who did so much to help us fashion a document that can command the respect of our colleagues.

For one moment, I would like to, as we are waiting for Senator Grassley to arrive, indicate that earlier there were a number of comments made to which I wish to respond. First, that reconciliation could still be used for global climate change legislation. Technically, that is true, but it is not going to happen. We have the absolute assurance of all those who are in leadership positions in the House and the Senate, the President of the United States--in fact, the President has assured me directly--directly--that he would not allow that. Let's take that off the table.

Second, we have heard concern from our Republican colleagues about the use of reconciliation. I share those concerns. I have opposed the use of reconciliation for these purposes. But my own belief is health care will not use the reconciliation process. I believe health care will move in the regular order. The committees of jurisdiction have until October 15 to do so.

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Let me take a moment to review what is in the resolution before us with respect to taxes because I think it is important to go over it. The actual tax changes on a net basis in this package are a reduction from current law of \$764 billion. We have \$512 billion of middle-class tax relief. All of the 2001 and 2003 provisions that provide individuals tax relief to the middle class are provided for for the next 5 years in this budget resolution. The 10 percent bracket, marriage penalty relief, all the other 2001 and 2003 tax cuts, including the child tax credit and the education incentives, all of them are in this budget.

We also have alternative minimum tax reform for 3 years, as the Senator indicated. We have estate tax reform going to \$7 million a couple excluded from any estate tax. That means 99.8 percent of estates would pay nothing, zero.

The tax extenders for business are all included for a subtotal of tax relief of \$861 billion.

On the other side we have \$97 billion of tax raises. That \$97 billion is loophole closers aimed primarily at offshore tax havens and abusive tax shelters.

Let me just indicate, only 2 percent of taxpayers with business income are affected by the changes in the top rate because, again, all the 2001 and 2003 tax cuts are extended for those earning less than \$250,000 a year. Only 2 percent of taxpayers with small business income are affected by the top rate changes. That means 98 percent are not.

Under the definition being used by our colleagues across the aisle, former Vice President Cheney would qualify as a small businessman because what they are describing as small business people is ``anybody who has on their income tax returns small business income." There are a lot of people who are very big business people, have big businesses, who show small business income on their returns.

Vice President Cheney, under the definition used by our colleagues on other side of the aisle, like any taxpayer with any small business income, qualifies as a small businessman. Vice

President Cheney in 2007 had income of \$3 million. He had \$180,000 of small business income, small businesses in which he apparently has an interest. Under their definition, he is a small businessman. I would say that is a tortured definition.

There are people with much greater wealth--under their definition, Bill Gates is a small businessman. The richest or second richest man in the world is a small businessman. Under their definition, Warren Buffett is a small businessman. I don't think so.

In the Bush tax cut in 2007, people averaging over \$1 million a year in income got on average a tax reduction of almost \$120,000 a year. The vast majority of people got next to nothing, as this chart shows. But those with average incomes of more than \$1 million got tax reductions averaging \$120,000. That is one of the reasons we are in the deep hole we are in.

My assertion is, on the loophole closers we have, we can go after money that is owed that is not now being collected. The tax gap in the most recent year for which there is a calculation, 2006, amounted to \$345 billion a year, money that is owed that is not being collected. That is the first place we ought to focus before we talk about a tax increase for anyone.

The second place we ought to look is these offshore tax havens. These offshore tax havens are running amok. Here is the conclusion from our own Homeland Security and Government Affairs Permanent Subcommittee on Investigations. This is from their work in 2007: "Experts have estimated that total loss to the Treasury from offshore tax evasion alone approaches \$100 billion per year" – it is \$100 billion a year in these offshore tax haven scams – "including \$40 to \$70 billion from individuals and another \$30 billion from corporations engaging in offshore tax evasion. Abusive tax shelters add tens of billions of dollars more."

We do not have to wonder if our own Permanent Subcommittee on Investigations knows what they are talking about. We can just go to the newspaper. Here is February 20 of this year, the New York Times: "The UBS memo was blunt: The 'Swiss solution' could help affluent Americans. That message, sent to the bank's executives in July 2004, referred to a UBS plan to help rich customers evade taxes by hiding money in offshore havens like the Bahamas. The memo, along with dozens of e-mail messages like it, were disclosed on Thursday in a blistering court document filed by the Justice Department, which sought to compel UBS, based in Switzerland, to divulge the identities of 52,000 Americans whom the authorities suspect of using secret offshore accounts at the bank to dodge taxes."

We do not have to use our imaginations very much to figure out what is going on. Here is a little five-story building in the Cayman islands called Uglan House. It claims to be the home of 14,000 companies. Can you see them there in this little five-story building? Do you see them doing their business out of this building, 14,000 companies, supposedly doing business out of this little building down in the Cayman Islands?

They are not doing any business out of that building. They are engaged in monkey business. What they are doing is an elaborate tax scam, much of it revealed in the UBS court documents; much more revealed in the collapse of Stanford Financial, which has shown that there are loads of companies, loads of individuals, who are engaged in dodging what they

legitimately owe the United States by establishing these offshore tax haven locations, where they claim they do business, and all they are doing is dodging taxes.

Let me say, most of the largest U.S. corporations have subsidiaries in tax havens. Eighty-three of the one hundred largest publicly traded U.S. corporations have subsidiaries in tax havens, and 42 of these companies have subsidiaries in 10 or more tax havens--10 or more.

Sixty-three of the one hundred largest U.S. Federal contractors have subsidiaries in tax havens, and 33 of these companies have subsidiaries in 10 or more tax havens. Look, anybody who does not see what is going on is blind.

Here is the picture I hope people will pay attention to. This is a sewer system in Europe. A sewer system in Europe. What has that got to do with the budget of the United States? Well, it turns out to increasingly have a lot to do with the budget here, because this is a sewer system that was bought by a U.S. company that is not in the sewer business. They bought this sewer system in Europe to depreciate it on their books in the United States to suppress taxes they legitimately owe here. Do you know what they did. After they bought it so they could depreciate it, they leased it back to the European city they bought it from and paid for it in the first place.

If we do not cut down and stop this kind of scam, shame on us. Shame on us. And some of our friends over here say that is a tax increase. Well, sign me up if that is a tax increase to shut down this kind of scam. The vast majority of us pay what we owe, but a few get by with establishing these accounts in these offshore tax havens and engaging in these unbelievably abusive tax shelters.

So we need tax reform. We have got a tax system that is out of date and hurting U.S. competitiveness. We are hemorrhaging revenue. Right now we are only collecting about 75 percent of what is actually due under the current code. So without any tax increases, we can completely close the structural gap between spending and revenue in this country if we collect what the current system says is owed.

The fact is, the vast majority of us on tax day pay what we owe. But increasingly we have got big companies, wealthy individuals, who are not. Let's end it. Let's end it.

The AMT is another problem threatening millions of middle-class taxpayers that we have addressed in this proposal. Additionally, we have a long-term imbalance that must be addressed between spending and revenue. Finally, we need simplification and reform to keep rates low for the vast majority of us who are honest.

I have heard the argument on the other side that we have got the highest corporate rate in the world. Well, what is true is we do have one of the highest nominal tax rates, stated tax rates. But our effective tax rate on corporations is among the lowest in the world. That is because, while the statutory rate is 35 percent, the effective rate, what companies actually pay, is only 13 percent.

When you take that into account, here is where we stack up. Here are the major

industrialized countries in the world. Here is the average. Here is where the United States is. The only countries that have a lower effective corporate tax rate than the United States are Slovakia, Poland, Austria, and Germany. Everybody else has a higher effective corporate tax rate than do we. I make this review for the purposes of establishing this in the Record.

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I want to very briefly go over what I think is important about this budget. First, it preserves the President's key priorities of reducing our dependence on foreign energy, which is critically important to our national security and our economic security; a focus on excellence in education, because if we are not the best educated, we are not going to be the most powerful country for very long; and, third, fundamental health care reform.

We are on a course that is completely unsustainable in health care. We are spending nearly 18 percent of our gross domestic product on health care. That is \$1 of every \$6 in this country. But we are on a trend line to spend 37 percent of our gross domestic product on health care. That is more than \$1 in every \$3. That can not be the outcome. That will put us at a huge disadvantage both in terms of competitiveness in this global economy, and it would have devastating consequences on American patients, American consumers, American families, American business. We know we need fundamental health care reform. The President has put that front and center before the Congress of the United States, and it is accommodated in this budget resolution.

No. 4, we have the extension of middle-class tax cuts, over \$700 billion in tax cuts included in this bill, most of it directed at the middle class.

In addition, this budget reduces the deficit by two-thirds over 5 years. Relative to GDP, we are reducing the deficit by more than that, by three-quarters between now and 2014, from 12 percent of GDP in 2010, to 3 percent of GDP in 2014. Those are the fundamentals of this budget.

Is it perfect? There is no document that is prepared by the hand of men and women that is perfect. So we understand this is not a perfect document. This is the product of compromise between 435 Members of the House of Representatives and 100 Members of the Senate. This is purely a congressional document. It does not become law. It is not signed by the President of the United States. It is a document to guide the spending and the revenues of the United States for the next 5 years. Obviously, since we do another budget next year, the most important thing is what this budget does over the next year.

Remember that this President inherited an extremely difficult situation--massive deficits, an economy that was in the worst shape since the Great Depression, a circumstance in which the United States is having two wars. This President inherited a very tough situation.

We also know we are starting to see the signs of a turn in terms of consumer spending, in terms of housing sales, in terms of automobile sales. For the first time, we are seeing an improvement. Last week we had before us in our caucus Mr. Bernanke, Chairman of the Federal Reserve, who said he sees the economy turning, that the precipitous downturn seems to have

stopped or ebbed at least, and he sees the prospect of the beginning of recovery later this year. We all hope that is the case.

This budget is an important part of an overall economic recovery strategy. While we have not adopted precisely the budget the President sent us, there is good reason for that. Because from the time the President's people made their estimates of the revenue available over the next 10 years, the Congressional Budget Office, some months later, did a new estimate which is the basis for our budget. The President's budget had \$2 trillion more available to him when he wrote his budget than we have had available to us in writing our budget. That necessitated changes in order to achieve the deficit reduction he had called for and the deficit reduction most economists say is fundamentally necessary.

We wrote a 5-year budget, not a 10-year budget. Of the 34 budgets that have been written under the Congressional Budget Act, 30 of the 34 have been 5-year budgets. Why is that? Because forecasts for 10 years are notoriously unreliable. That is why Congress, 30 of the 34 times it has done a budget, has done 5-year budgets because the forecasts, even then, for the outyears were highly suspect. When we are talking about a 10-year forecast, that is just throwing a dart.

That is where we are. We have worked in a credible way to fashion a budget document that meets the needs of the American people, that puts us in a better position for the future. I freely acknowledge we must do much more, especially in the second 5 years. It is absolutely imperative we do more to get our long-term financial house in order. That is going to require entitlement reform--Medicare, Social Security. That is going to require tax reform because we have a tax system that is only collecting about 75 percent of the money due and owed under the current tax rates. We wouldn't need any tax increase of any kind to balance the books if we would just collect what is due and owed under the current system. Unfortunately, while the vast majority of us pay what we owe, we have an increasing number of people and companies that don't. That has to stop.

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There are a couple of things I wish to respond to. I have respect for the Senator from Arizona, Senator McCain. We came to this Chamber at the same time. First, he said, on reconciliation I told him I was against it. In fact, I did not include it in the budget resolution out of the Senate. He said in conference committee I voted for it. I say this. I voted for the final agreement. I did not vote specifically for reconciliation. I opposed it every step of the way publicly and privately. I think it is a mistake. I have said so publicly and privately.

I believe reconciliation will not be used for health care, even though it is authorized under the conference report. I believe that as people examine what would actually happen using reconciliation, they will be convinced it is not the appropriate way to do health care. I believe that, at the end of the day, the reconciliation approach will not be used for health care reform.

With that said, I want to make very clear--and you can ask any of the participants--I argued strenuously against reconciliation every step of the way. It was not included in the

resolution here, over which I had direct control. It is included in the final conference agreement because the President wanted it as an insurance policy, the majority leader wanted it as an insurance policy, and the Speaker of the House wanted it as an insurance policy. And, frankly, although I have some influence, I don't have the ability to overcome the President, the majority leader, and the Speaker of the House.

The Senator also questioned a 10-year budget versus 5-year budget. Let me repeat what I said before. We have had 34 budgets under the Budget Act; 30 of the 34 have been 5-year budgets. The basic reason for that is not hiding things, as was asserted here; it is because forecasts beyond 5 years are notoriously unreliable. That is why Congress in 30 of the 34 times has written the budget on a 5-year basis. Frankly, the outyears of a 5-year forecast are not very credible, but years 6 through 10 are throwing a dart. I used to forecast revenue for my State. I know something about forecasting revenue and expenses. When you get beyond 5 years, you are in kind of a world that doesn't exist. That is total guesswork.

Beyond that, I didn't accept the trajectory the country was on in the 10-year budget that the President proposed. I believe we have to do far better. That is why the ranking Republican and I have proposed a task force of Democrats and Republicans, with the responsibility to come up with a plan, and if 12 of the 16 members of the task force could agree, that plan would come to Congress for a vote--not another study to sit on a dusty shelf somewhere, but a vote.

The Senator made a number of other assertions with respect to this budget. He termed it "generational theft." Let me say that the trajectory we are on has nothing to do with this budget but has everything to do with the reality of the fiscal circumstance of this country. Our spending is above our revenue. There is a structural gap; and the Senator is absolutely right, if we allow that to play out uninterrupted, it will constitute generational theft. But this budget makes the first steps toward turning that around. It reduces the deficit by two-thirds, in dollar terms, over the next 5 years, and, in terms of a share of GDP, which the economists say is the better measure, it reduces the deficit by three-quarters, 75 percent, from 12 percent of GDP to 3 percent. Additionally, at 3 percent of GDP you basically stabilize the growth of the debt relative to our national income.

Why are we in this circumstance? It is because the previous administration doubled the debt, put this economy in the worst recession since the Great Depression, and now we have to dig out. The first thing we have to do is give lift to the economy. The stimulus was passed to provide liquidity to the American economy, because the only place it could come from was the Government. We have learned in past economic downturns that if the Government fails to act, you could have a deflationary spiral that would suck the economy down as we saw in the Great Depression.

In the short term, I make no apologies. I am known as a deficit hawk, somebody who believes in balanced budgets, somebody who has fought for them my whole career. But when you have a severe economic downturn, that is not the time to turn away from the Government being the last resort, the Government providing the liquidity to the system to prevent a collapse.

This budget is responsible. As I have said at every step: in the second 5 years, we must

do much more. The President has said that. The President is committed to it. So am I. If our colleagues are serious about entering into a long-term negotiation about entitlement reform and tax reform, count me in. Count me in. It has to be done. It is in the interest of the country. That is where we agree.

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We have had a spirited, healthy debate today on the question of the budget. I feel strongly that this is a responsible approach. Adopting the President's clear priorities of reducing our dependence on foreign energy, focusing on excellence in education, providing for major health care reform, all the while providing more than \$750 billion of additional tax relief to the American people, focused on middle-class taxpayers, and reducing the deficit dramatically, reducing it by more than two-thirds in dollar terms, by more than three-quarters as a percentage of the gross domestic product, getting to a deficit level which will stabilize growth of the debt.

Again, I am swift to say much more needs to be done in terms of long-term deficit and debt reduction. I believe deeply we ought to have a special process for entitlement and tax reform. As I have noted throughout this debate, for the long term, we are on an unsustainable course in this country. That is a situation that is not the creation of President Obama. That is a situation that was the creation of the previous administration that inherited massive surpluses and turned them into massive debts. That is a fact, and there is no way to change that fact.

The previous administration left this country in the deepest recession since the Great Depression. Of course, the deficit has skyrocketed as a result. That is not the fault of the President who has been in office for 100 days. He inherited this mess. He is expected to clean it up, and he has taken aggressive, vigorous action to move us in the right direction, and the American people are responding. The latest polls show that now there has been a tripling of the percentage of people in this country who believe we are now on the right track--a tripling in the 100 days of this Presidency.

I was the second Senator to endorse Senator Obama. The first Senator to endorse him was his colleague from Illinois, Senator Durbin. I was the second Senator to endorse him. I had never endorsed in a Presidential primary before. I did it because I saw something exceptional in Senator Obama. I saw in him somebody who is not only very smart, but extraordinarily calm, somebody who has the right temperament to deal with the crises that any President confronts.

I must say, I have been so proud to have been an early supporter of this President because I believe he is keeping the promise that he made to the American people to turn us in a new and better direction. He adopted the motto of "Yes We Can." That is the motto I had when I first ran for the Senate in 1986. When he found out, he said maybe he owes me royalties. I said: No, you don't owe me a thing.

I am so pleased that he is the President of the United States at this moment in time. He has the right background, the right temperament, the right intelligence, the right character to be our leader at this extraordinary time of challenge.

While our budget is quite different than his because we had \$2 trillion less in revenue to write the budget because of the changing forecast, because of the nature of the economic downturn, nonetheless we were able to preserve his key priorities, and I am proud of it.